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BC&D OIL AND GAS CORPORATION

Unaudited Balance Sheet

As Of June 30, 2007

| | | |
|------------------------------------|----------------|-----------------------|
| Assets | | |
| Current Assets | | |
| CASH - OPERATIONS | (11,677.73) | |
| ACCOUNTS RECEIVABLE - JIB | 394,735.70 | |
| OIL & GAS RECEIVABLES | 148,000.00 | |
| INTERCOMPANY - APOLLO | (5,887,687.03) | |
| INTERCOMPANY - POWERBALL GEN | 161,081.10 | |
| INTERCOMPANY - MOUNTAIN STATES | (59,069.66) | |
| DEPOSITS AND RETAINERS- ST | 56,000.00 | |
| PREPAID CHARGES | 19,476.17 | |
| Total Current Assets | | <u>(5,179,141.45)</u> |
| Long Term Assets | | |
| ASSET RETIREMENT OBLIGATIONS | 1,145,589.00 | |
| ACCUM DEPR - ASSET RET OBLIG | (203,661.50) | |
| HEAVY EQUIPMENT | 324,997.30 | |
| ACCUM DEPR - HEAVY EQUIPMENT | (86,140.53) | |
| INTANGIBLE DEVELOPMENT COSTS | 90,200.00 | |
| TANGIBLE E&P COSTS | 1,340,193.08 | |
| ACCUMULATED DEPLETION/AMORTIZATION | (692,918.76) | |
| LEASE & WELL EQUIPMENT | 3,401,107.01 | |
| ACCUM DEPR - LEASE & WELL EQUI | (3,546,104.94) | |
| PLUGGING/SURFACE BOND | 103,675.00 | |
| Total Long Term Assets | | <u>1,876,935.66</u> |
| Total Assets | | <u>(3,302,205.79)</u> |
| Liabilities & Equity | | |
| Current Liabilities | | |
| VENDOR PAYABLES | 1,287,188.22 | |
| NOTE PAYABLE - DENNIS LUENG | 10,297.55 | |
| NOTE PAYABLE - JIMMY BROWN | 212,893.16 | |
| NOTE PAYABLE - P KNOLLENBERG | 154,463.01 | |
| NOTE PAYABLE - TELCO | 184,325.85 | |
| INTEREST PAYABLE-JIMMY BROWN | 50,191.81 | |
| INTEREST PAYABLE-P KNOLLENBERG | 27,889.30 | |
| INTEREST PAYABLE-DENNIS LUENG | 4,381.43 | |
| INTEREST PAYABLE-TELCO | 35,221.25 | |
| INTEREST PAYABLE-WTNB | (34,092.85) | |
| ASSET RETIREMENT LIABILITY | 1,255,944.00 | |

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As Of June 30, 2007

| | | | |
|--------------------------------|----------------|--|-----------------------|
| OIL & GAS SALES PAYABLE | 361,164.80 | | |
| PRODUCTION TAX PAYABLE | (48,185.60) | | |
| OIL & GAS CLEARING | 28,606.28 | | |
| ACCOUNTS PAYABLE - OTHER | (15,178.45) | | |
| STATE WITHHOLDING PAYABLE | 1,847.06 | | |
| R/D MANUAL CHECK CLEARING | 3,471.74 | | |
| Total Current Liabilities | | | <u>3,520,428.56</u> |
| Long Term Liabilities | | | |
| NOTES PAYABLE - WTNB | 695,833.35 | | |
| Total Long Term Liabilities | | | <u>695,833.35</u> |
| Equity | | | |
| APIC - ACQUISITIONS | (1,759,979.84) | | |
| APIC - CAPITAL CONTRIBUTION | 250,000.00 | | |
| RETAINED EARNINGS - PRIOR YEAR | (4,402,835.03) | | |
| DIVIDENDS PAID | (500,000.00) | | |
| CURRENT YEAR PROFIT (LOSS) | (1,105,652.83) | | |
| Total Equity | | | <u>(7,518,467.70)</u> |
| Total Liabilities & Equity | | | <u>(3,302,205.79)</u> |

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BC&D OIL AND GAS CORPORATION

Unaudited Income Statement

Current Period from June 01, 2007 to June 30, 2007

Year to Date From January 01, 2007

| | Current Period | Year To Date |
|---------------------------------------|-----------------------|---------------------|
| INCOME | | |
| OIL AND GAS REVENUE ACCRUALS | (24,000.00) | 66,000.00 |
| OIL SALES - WORKING INTEREST | 65,697.00 | 376,653.87 |
| TOTAL INCOME | 41,697.00 | 442,653.87 |
| COST OF SALES | | |
| LEASE OPERATING EXPENSES | 5,527.69 | 560,616.52 |
| DEPRECIATION - E&P | 126,710.93 | 758,777.40 |
| DEPLETION/AMORTIZATION | 6,657.61 | 53,434.85 |
| PRODUCTION TAXES - OIL - WI | 5,706.25 | 25,791.97 |
| MINIMUM ROYALTY PAYMENT | 0.00 | 1,024.00 |
| TOTAL COST OF SALES | 144,602.48 | 1,399,644.74 |
| OPERATING INCOME (LOSS) | (102,905.48) | (956,990.87) |
| GENERAL ADMINISTRATIVE EXPENSE | | |
| CONSULTING FEES | 0.00 | (4,300.54) |
| ORIGINATION/BANK FEES | 294.34 | 1,063.71 |
| REPAIRS AND MAINTENANCE | 0.00 | 23,568.28 |
| TELEPHONE | 924.99 | 1,154.10 |
| TRAVEL EXPENSE | 0.00 | 2,250.00 |
| LEGAL EXPENSE | 0.00 | 3,321.39 |
| OTHER PROFESSIONAL FEES | 0.00 | 503.59 |
| OFFICE/SHOP SUPPLIES | 0.00 | 1,558.34 |
| MEALS & ENTERTAINMENT | 0.00 | 148.81 |
| COURIER FEES | 40.29 | 40.29 |
| PRINTING EXPENSE | 0.00 | 27.16 |
| RENTALS - OFFICE & OTHER | 375.00 | 6,752.90 |
| REGISTRATION/FILING FEES | 0.00 | 120.00 |
| CONTRACT SERVICES | 5,091.95 | 11,890.95 |
| CONTRACT SERVICES - FIELD | 0.00 | 663.13 |

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Unaudited Income Statement

Current Period from June 01, 2007 to June 30, 2007

Year to Date From January 01, 2007

| | <i>Current Period</i> | <i>Year To Date</i> |
|----------------------------|-----------------------|---------------------|
| MISCELLANEOUS | 0.00 | (81.05) |
| FINES & PENALTIES | 6,068.49 | 84,530.18 |
| DEPRECIATION EXPENSE | 19,093.25 | 38,186.50 |
| ACCRETION EXPENSE - ARO | 10,800.50 | 21,601.00 |
| ACCRUED EXPENSES | (76,743.10) | (91,424.38) |
| TOTAL G & A EXPENSES | (34,054.29) | 101,574.36 |
| OTHER INCOME/EXPENSE | | |
| INTEREST INCOME | 1.12 | 1,590.10 |
| INTEREST EXPENSE | 3,808.78 | 48,677.70 |
| TOTAL OTHER INCOME/EXPENSE | (3,807.66) | (47,087.60) |
| NET PROFIT (LOSS) | (72,658.85) | (1,105,652.83) |